

"Pro Bono Publico."

WHAT I KNOW ABOUT

BANKING,

AND A FEW OTHER OF OUR INSTITUTIONS.

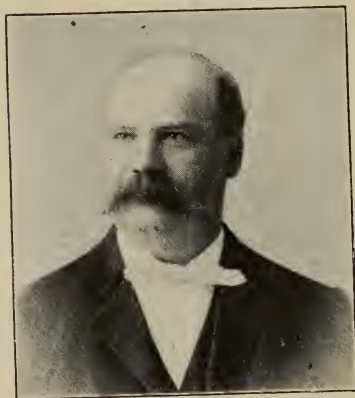
By A CANADIAN.

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"Omnia superat Virtus."



Herbert Fairbairn Gardiner,

Hamilton, Ontario.

The EDITH *and* LORNE PIERCE
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Queen's University at Kingston

BANKS AND BANKRUPTCIES, PARTYISM AND HARD TIMES.

THE Banking Institutions of Canada are undoubtedly the most important of any of a business character, being as closely interwoven with our personal, as with our national prosperity. I refer only to chartered Banks, and I venture to say at the outset that there are none upon which the Government have bestowed more substantial privileges: apparently for the benefit of the public, as well as for the shareholders; for the very inducements to form chartered Banks, and their consequently increasing number, grow out of the privileges thus bestowed, and which privileges, if properly and judiciously utilized, can be turned to immense advantage to the proprietary. It would appear, however, and the history of the Banks of Canada goes to show, that the advantages reaped are very often in the inverse ratio to the privileges granted. Any chartered Bank with a paid up capital of \$500,000 or more can issue Bills to a like amount, thus nominally doubling, and practically nearly doubling its capital (surely any private banker would consider it an advantage to have his capital duplicated without any exertion on his part). Now, my contention is, if our Banks were ably and economically managed there is hardly one in Canada in this year of grace that would not pay a dividend of at least 13 per cent. per annum, instead of the average of about $7\frac{1}{2}$ per cent. Private Bankers not engaged in any other business or speculation, without any of the Legislative advantages bestowed upon chartered Banks, are, I am bound to say, clearing at least 10 per cent. per annum, and in some instances much more. This announcement will not be a matter of surprise to any one moderately acquainted with our Banks, chartered and private, and no one at all familiar with the financial institutions of the country will dispute the comparison thus instituted as to interest. Out of a banking capital of some sixty millions of dollars, within the last five years fifteen millions at least, have been lost to the stockholders, to say nothing of the difference between the dividends that have been paid and those which should have been paid, making at least another ten millions. Surely there must be something almost criminally wrong in the principles and practice of Banking, when such ruinously large sums have been lost to the Shareholders.

500.00

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Hugh Hanson Contingent

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The solution of these losses, to the superficial observer, will be attributed to the *hard times*. But the answer to this is found in the fact that Banks, as a rule, become more careful and discriminating in hard than in good times. Experience goes to show that very many men who can obtain advances in good times have not in hard times confidence enough to enter the presence of a Banker, even with hat in hand, unless he belong to the class subsequently dealt with in this article. If this be correct, we then trace part of the mischief to the good times of long ago, and the disposition on the part of the Banks to encourage and float men of straw, whom they have for years been carrying over for purposes quite obvious. This, with the rather sentimental principle adopted by Banks in a majority of cases of making advances only on business paper, quite ignoring the very best of any kind of accommodation or farmers' paper (upon which they seldom lose), for the kind of paper that has been their ruin. It would seem that the object for which all monetary institutions are established, namely, the making of larger interest and dividends than can be obtained in other ways, has been quite lost sight of in the effort to carry out a costly sentiment, *i. e.*, discounting indifferent business paper, apparently for no other reason than that it is business paper, however indifferent it may be. I have known hundreds of thousands of this accommodation paper, the very best farmers in the country being the makers, and upon which from 10 to 12 per cent. could have been easily obtained without the slightest risk, to have been contemptuously cast aside for the business paper of men of straw at 8 per cent.—Sentiment, but not common sense. I imagine, I will not be disputed in the assumption that the ratio of losses upon an equal amount of farmers' and business paper is 1 to 100. Hence we find the cream of the Banking business of the country done by Private Bankers and Brokers, who very often obtain from the chartered Banks lines of discount at 7 per cent. for the purpose of discounting the very best of notes, which have been rejected by the chartered Banks. Is this not so? My belief is that Banks commence at the wrong end; that first, in order to be safe, they should discount all good farmers' and other paper presented; then discriminate very closely as to business paper.

Another idea that smacks too much of sentiment, and has now become stereotyped among Bankers, is that Banks in a great measure are peculiarly instituted for the purpose of moving

the produce of the country, without reference to any great extent to the standing of the men thus engaged. This idea and the practice growing out of it can be greatly limited, and no one will suffer in consequence; as produce, like water, will find its level. The encouragement given to men with but very little capital and the 90 per cent. advanced on produce margins has certainly led to the losses of millions, and introduced into the business world a class of men that are now causing great mischief to the trade and commerce of the country. A man having a small capital of say \$4,000 is enabled to buy 40,000 bushels of produce at one dollar per bushel, upon his transferring his warehouse receipts or bills of lading to the Bank. If such produce decline in price 30 cents per bushel, as it not unfrequently does, and the operator has no means except the \$4,000 margin, the Bank loses \$8,000. If the operation is ten times as large as the one given as an example, the loss is \$80,000. The number of operations of this kind that have occurred in Canada for the last four years tells its own tale; but the Banker says, the produce must be moved. My answer is—remove the men who so often induce unhealthy competition, and there will be plenty of safe men who will give fair prices to move all the produce of the country. If not, those who ultimately buy our produce will be found immediately among us with their cash, as we are found in foreign markets when we have goods to buy. I have known the difference in the price of grain in neighboring towns twelve miles apart to be 12 cents per bushel, for no other reason than that in one town there was a losing mushroom competition going on between men of small means, while in the other town good, cautious, able business men paid all that any foreign market would justify. Within a few months prices fell 40 cents per bushel, and I ask who were the losers? Not the operators—for their margin had vanished like snow before the summer sun—but the Banks who encouraged such competition.

Thus, we see that the principles adopted by Banks and Bank Directors are subversive of the true principles which should be recognized by all monetary institutions—namely, safety!—and we are decidedly of opinion that the costly experience bought by Canadian Bankers for the last ten years, should be ample to teach them and all interested that Banking is not a matter of sentiment, but purely, as their prospectuses foreshadow, a simple matter of money-making. Through this

line of Banking we find our Banks in possession of unproductive mills, timber limits, lumber, produce, match and other factories, and various descriptions of property not worth, in many cases, one-sixth of the amount for which they have been taken as collateral.

No superficial observer can have any conception of the true state of the Banks at the present time; but a simple analysis of the ground taken by me, and the further suggestions that will occur to the mind of the student of finance, will, I fancy, be conclusion itself upon one point, and that is, the necessity of a *revision*, or, if you will, *reversal*, of Banking rules in the direction indicated. General Managers of long experience in Banking, who must have considered these matters in the interests of Shareholders, quite divested of any sentiment, are, we believe, still sending their circulars to Bank agents by almost every mail, to the effect that nothing but business paper should be discounted, it being considered almost a death penalty to make advances to any kind of professional men, however good their position may be in a financial sense. And in this connection let me ask, is it any wonder that Bank clerks, and often Bank agents, render themselves obnoxious and ridiculous in asking a farmer, who perhaps is worth twenty thousand dollars, what he intends to do with the proceeds of a poor hundred dollar note, before consenting to discount it. Did any one ever hear of such balderdash! A few minutes after, the man of straw makes his appearance, holding perhaps a fraudulent warehouse receipt for 5,000 bushels of barley, and obtains an advance of \$4,500 upon it, the operator himself having only five hundred dollars in the world, all told. Now, when the Banker ascertains that this warehouse receipt in point of fact only represents perhaps 2,000 bushels of barley, what is his position. These transactions are of almost daily occurrence throughout the country.

It may be to the interest of a certain class of business men to encourage a line of business that has entailed such immense losses on the Banks; but as a rule they are not the Shareholders, in whose interests alone the Managers of Banks should act.

In addition to the losses growing out of the nature of the business done by Banks, it is hardly necessary to point to the piles of costly buildings, some of which, in large cities, are

erected at an expense of over \$75,000 each, as such expenditure seems to be countenanced by all concerned, and it is only a fractional folly in comparison with those already hinted at.

Again, the character of the men employed to manage Branches and Head Offices is another feature which should not be overlooked in treating of losses, for every loss at an Agency is traceable, to a limited extent, to the agent, though the nature of his business, to a great extent, is controlled by the wisacres at the Head Office. I say, in treating of such losses, I am of opinion that a clever, independent man, with large experience (and no other should be selected), would be able to point out clearly and logically the class of business that would pay and should be cultivated at his particular Agency, and make himself felt with the General Manager. As a matter of fact, I know several town agencies that have been losing money from year to year in carrying out to the letter instructions from the Head Offices, whilst the Private Banker next door has been growing wealthy in doing the rejected business of the Chartered Bank, which somehow always seems to pay.

In a discursive article of this kind the arrangement of facts has not been considered necessary to the end to be attained, but the contentions raised in a general manner will, I trust, suggest to those interested the desirability of a move in the right direction. One difficulty always presents itself in dealing with matters of this kind, when controlled by Boards of Directors. It is too often the case that in Banks, as well as in Loaning Societies and other Boards, we find men—and too many of them—who have not sufficient capacity to investigate the matters which properly come under their review. The fact, being that the General Manager himself, and one or two of the Directors, often make it a point to control the proxies, and in this way elect men as Directors who are simply tools for the Manager and a favored few, and will do their bidding. If the Manager happens to be an old foggy, the administration is generally old foggy, and red-tapeism is the order of the day and prevails.

There is one thing that must strike every observant business man. The Chartered Banks, to a great extent, *picked* their business and lost millions; Private Bankers and Brokers, without any Legislative advantages, have *snatched* at the *culls*:

and, losing comparatively nothing, have become wealthy. Knowing the nature of the business done by the Banks in question, I ask Shareholders, Directors, Managers, and men of ordinary business judgment and common sense, if it is not in the interest of the public generally to have our Banks change their principles to a sounder basis; and I particularly ask those who have their funds invested in Bank Stocks, and are consequently dependent upon the stability of the Banks and their management, to clearly analyze Bank reports in connexion with the precarious nature of business generally. Is it not a fact that as soon as a Bank controls the affairs of any business man that it at once virtually engages in whatever line of business it so assumes to control, whether it be in produce, milling, merchandise, or manufacturing, and that the business man himself is simply an agent for the Bank. Thus, the varied business of the country is being controlled by Bankers. We are, then, led to enquire if Bankers, as a rule, possess that sagacity and versatility of talent to enable them to manage the various business interests of Canada.

Placing the Bankers in the position we now have done, furnishes us with a further argument, to the effect that no business should be cultivated by which a Bank is found virtually managing and controlling the business of any customer. A reasonably strict adherence to the principles enunciated and advocated by me ought undoubtedly to be a strong safeguard, not only to the Banks themselves, but to the country at large. Let the Bankers discount the paper of only good, sound men, and those who have a stake in the country, and they will in a great measure avoid the shoals and quicksands upon which they are continually foundering. As it has never as yet been discovered that any two men are alike in every respect, either physically, mentally or in a business sense, we cannot logically lay down inflexible rules as to the most desirable business for Banks to cultivate in every instance; but one thing is certain—that the class of business men in some localities differs so widely from the same class in other localities, that a great deal of latitude must necessarily be allowed to the different Bank Agents; showing conclusively that none but able men should be selected to manage agencies, and *that* without reference to influences which are often brought to bear by influential Directors to place incompetent men in responsible positions for which they are entirely unsuited.

I would now *directly* draw the attention of Bankers, as I have inferentially done, to deductions which can be easily made by any one of my readers in the least conversant with the business life of Canada. I assume that it is the object of Banks to earn as large dividends for their proprietary as possible, having a due regard to the future; that being their object, and with the view to that end, I would recommend their discounting all the good, safe paper, of whatever nature, more particularly farmers'. Experience, I may repeat, shows that only nominal sums have been lost in this description of security, whilst millions have been lost in doing the very business that seems to be preferred by chartered Banks. Many of the Banks in Canada are in the habit of giving very large lines of discount to single firms; thus doing away with the old principle of business in times past, of "not putting too many eggs in one basket." This must be discouraged, as it was one of the causes of the failure of the City of Glasgow Bank, and the other chief cause was the acquirement of unproductive property, which comes as a natural consequence to the first cause; and in this way, the principle adopted by our Banks in having so much money in so few hands must inevitably lead to the same end. In the conduct of the business of the City of Glasgow Bank and our own it would not require any great ingenuity to trace analogies in more than one or two features; and it certainly would not require any great stretch of imagination to institute a pretty correct comparison between the nature of the Reports of our Banks and those of the City of Glasgow—these Reports, in the case of the latter, being the most criminal part of the misrepresentations indulged in by the Directors of that Bank. The supervision of the Banks of Canada is confined to the officers of the Bank, the Government or any independent power having no control of its detailed or office business except the Reports; hence it is that, in order to keep up appearances, or, in other words, present as good a Report as possible (no Bank wishing to suffer by comparison), debts due the Bank are made to do duty as available assets long after it is known, even by outsiders, that the security is not worth the paper on which it is written.

We believe it is generally understood that good men in some Banks in times like these have to pay up in order to carry over the bad ones; thus losing both in the end: the one because he is ruined by too great pressure, the other because he is worthless.

The fact that Bank stocks are so much lower than Bank Reports would seem to indicate, is a proof that the public have but little confidence in the Reports. At the time of writing, a Report of one of the Toronto Banks shows that its assets are about seventy-five per cent. more than its liabilities, including capital stock, which means, if such is really the case, that the stock should be worth 175, or nearly so. The facts are, that this stock is now quoted at 112, and has been quoted for weeks at 118; thus again showing that either the public have but very little confidence in this Bank's Reports, or that they consider the policy pursued by them generally, will ultimately end in disaster. In my opinion, it is to both of these causes that, to a great extent, the want of confidence can be attributed. And in looking over the Bank statements, it is easy to see that there is not a Bank in the country, unaided, that could sustain itself after one day's run, and that would not be obliged to close its doors within three days. The available funds being in such a small proportion to the demands that may be made any time or at any banking hour; with the weaker Banks, in the event of such a run, the end would be fatal; and in the present condition of the finances of the country, the one or two comparatively strong Banks could not safely lend the assistance they would in ordinary times.

It is generally admitted that the present outlook for Banks is anything but encouraging, as things now are, without suggesting that, if a Policy be pursued by the American Government by which a prohibitory duty is placed on two or three of our exports, that such a procedure would simply close up several of our weaker Banks, holding these exports, as securities; as a sale in this country, where there is a very light demand, would entail immense loss. I refer particularly to barley and lumber, held to an enormous extent by our Banks as securities for advances. Again, it is well known that the bills or notes under discount in the Banks (a great many of which are looked upon with suspicion) could not possibly be hypothecated for sufficient cash for immediate necessities; and even if they were good, where is the cash to come from? And no strong Bank would care about jeopardizing its own position by endeavoring to bolster up the weak ones, and, fearing a general run, "every tub would simply have to stand on its own bottom," which would mean general consternation and ruin to many.

Had the Banks of Canada adopted and carried out the principles now enunciated, ten years ago, their rather unenviable position at the present time might have been avoided; and even now it is doubtful if the same old foggy policy will not still be pursued until the creditors of the Banks in this country are placed in a similar position to the creditors of the City of Glasgow Bank.

The circumstances of the Banks we have endeavored to detail as fairly as possible, being divested of the slightest personal or partizan feeling in any way, but with an eye single to the public good. I say in this connexion, if the grounds taken by me are tenable, it is then clearly the duty of the Government of the day to appoint an Inspector or Inspectors of Banks (who shall be perfectly free from all Bank influences and sympathies), to inspect each Bank Agency, and who will be vested with the power to call to his aid two men of large local knowledge, who will be well acquainted with all the business men at the particular Agency to be inspected; whose duty it shall be to not only have power to inspect the books of the institution, if this be thought desirable, but especially full power and authority to demand, if necessary, all securities, of whatever nature, held by the Bank as securities for advances, for inspection, seriatim. Considering the aid given to the Banks and the Government virtually saying to the public:

“We, the Government, make deposits in Chartered Banks; we allow them to issue and circulate bills to the amount of their paid up capital; we give them great privileges, and almost, in this way, invite the public to invest in Bank stocks and securities.”

This being clearly the position of the Government to the Banks and the public. We, the Public, say in reply to the Government:

“You virtually ask us to confide in the Banks; to take their securities and deposit our hard-earned cash for safe keeping with them. Now, it is our desire, in view of the highly unsatisfactory state of the finances of the country and the indifferent securities held by the Banks to keep up appearances, it is said; and further, in view of the warning that has been heralded over the sea by the City of Glasgow Bank failure (the integrity of the Managers of

"this institution being quite as unassailable, until recent developments, as the integrity of any Bank Managers in Canada.) In consequence of this state of affairs, we ask you, the Government, as our trustees, to appoint as clever and versatile a business man (or two or three of them) as Canada can command, who have never been connected in any way with Banks, and can therefore have no feelings to bribe them in discharging their duty. Permit us to say, at the same time, that we are of opinion that our interests, in the main, are quite as important and more varied than the interests which brought to the surface an Insurance Inspector. In short, we have told our story, and said our say upon this point, and in the event of further or greater losses, we will throw the responsibility on you,—the Government—unless the action indicated by us is taken as soon as time will permit."

I have spoken incidentally of Agents, General Managers and Directors, and their relations to each other. Let me add, how often is it we find the better judgment of an Agent freighted with continuous unbusinesslike instructions from his Head Office, and perhaps from a man whose opinion he knows to be unsound. What must be the feelings of an Agent so continually circumscribed in action, if he is a man of any independence of character, or ability, as Agents *sometimes* are, at least at the start? The position of the Head Office is simply this: They assume to know more about the line of business which should be conducted at an Agency perhaps two hundred miles (and in some instances a thousand miles) away, than the Agent himself, who has been acquainted with every one of his customers for half, or it may be, a dozen years. It certainly is at least very anomalous that any man should be permitted to take charge of an Agency who has not sufficient ability to become, within one year, acquainted through and through with his customers and his business. Surely if a man is qualified for an Agent at all, he should know more about the business of his Agency than those hundreds of miles away, who are continually advising him as to his business. In other words, my opinion is that any man who has sufficient ability to manage an Agency should not be insulted by the Head Office assuming, it would seem, in many cases, that, after years of experience, he (the Agent) does not know as much of his Agency as they (the Management), who, for obvious reasons, know but very

little about it. This, to my mind, is silly affectation on the part of the Management, and proves one of two things: first, they must be guilty of some doubtful motive of appointing Agents whom they know to be unfit, and therefore have to be led and directed; or, on the other hand, they assume a dictatorship in the direction, to a certain extent, of the details of Agencies which, by both logic and common sense, I have proved are sapping the very foundation and vitality of business life. For, is it not a fact that an unnatural stimulus has been given to the trade of this country by General Managers and Head Offices?

No one unacquainted with the various phases of mercantile and commercial life in Canada can be aware of the close connexion between the Banks and the Business men of the country. How many business men of Canada, to-day, can go on for three months without Bank advances of some kind? I answer, there is not one in five. Out of these five doing business with the Banks, and having certain lines of discount—often ten times what it should be—I say, out of this number how many are more than clearing expenses, and how many are not losing from day to day? My answer is, business is rotten to the core, and systematically made so from year to year by the very nature of the business done by the Banks.

We will trace for the benefit of our readers, and, we trust, for the benefit of Stockholders and Managers of Banks, the history of the trade of the country for some years past. Every nation and every people have their peculiar weaknesses and characteristics, and if young Canada has one characteristic more fully developed than another, it is a disposition to engage in trade. To the cause it is not necessary to refer, as it will not be disputed; the effect is that with which we have to deal, and which more particularly concerns us. A great many of the young men of Canada of any education, fancy that if they do not possess the ability for the learned professions (and very few admit that), they can very speedily distinguish themselves in the mercantile world. Now, with an acknowledged prevailing sentiment of this kind among young men, the history of other countries and our own common sense, even without precedent here, should teach us to discourage any thing which is so sure to prove fatal to trade. "A young man from the country," or a clerk, perhaps of two or three years' standing, in a village, town or city, becomes suddenly seized

with the idea that the business world must soon cease to exist unless he is accorded a place therein. This feeling, it would appear, has almost become a disease in the country; and one, I may add, that generally proves fatal to all concerned. Well, the young man from the country, or clerk, as it may be, generally has the enormous sum of, say from two hundred to a thousand dollars, to do a business which would not at the start pay running expenses in any large town or city in Canada, unless a business of at least from fifteen to twenty thousand dollars per year could be done: For you know our young men are no niggards; they take to their cigars, drinks, billiards, horses and bets charmingly. Well, to do a business of say even fifteen thousand dollars per year, on from two hundred to one thousand dollars cash, ends where everything else ends that has no foundation. The wholesale merchants, and the Banks through the wholesale merchants, or otherwise, having had such almost hourly experience with this kind of trade, and consequently immense losses, I will allow them to tell the sad tale. Failures among men of straw like these, and the frequent insolvent estates thereby placed upon the market, at much less than invoice prices, strike at the very basis of sound, legitimate, paying trade; and the consequence is, that through this unnatural and insolvent competition, the sound, able business man of to-day may, for no possible fault of his own, be compelled before one year to hang out the flag of distress; and thus it is that from year to year we find the state of things daily becoming more alarming, and the wholesale men and Bankers often stare in amazement at the rottenness of the business of some poor insolvent, whose entrance into business life only a short time before was conducted by the wholesale man, but whose exit is now dignified by Bankers, wholesale merchants, official assignees, sheriffs, bailiffs, solicitors, etc.

And now, dear reader, having pointed out a condition of things which has been produced as an effect following a cause, I shall, I trust, be permitted to refer to the cause, or one of the chief causes, of the hard times:

For several years past, party politics have run very high in this country, and almost any means, reputable or disreputable, have been brought into requisition to win over a constituency or constituencies. By nature, we are too apt to worship the

“Golden Calf,” and for the last eight years particularly, let me ask, how many constituencies have bowed the knee to such “calves,” and which are now represented by men whose only recommendation for public favor is found in the fact that, by dint of industry, or perchance by trickery or knavery, they have acquired a few thousand dollars? Now, if we know anything of the character of minds that make money, as a rule, in this country, we would venture the opinion that the very qualities that seem, to a considerable extent, necessary to make money, are the very qualities that would unfit a man for a true representative of the people. I may here mention that the elections of 1872 undoubtedly furnished a greater proportion of this kind of representative men than any that has ever taken place in Canada. And what do we now find? Scores of men representing intelligent constituencies all over the land who could not at any mental employment, where anything like aptitude for business and real ability was required, earn one dollar per day. The spectacle of such men from day to day receiving their twelve or fifteen dollars, is simply—though expensively—laughable. When looking at this subject in a non-party spirit, is it not a ludicrously played farce? Only consider that in our Legislative Halls we have dozens of men, whom we call *representative* men, who have not in point of fact sufficient ability for common school trustees, and who are supposed to be giving their time to important questions of Finance, Trade and Commerce, and political economy generally. But then, the necessities of party having brought such men to the front, and by example paved the way, other men of like character of mind have been pitchforked into directorships of Banks, Railways, Loaning Societies and Insurance Companies; and I ask, what is the remedy? What is now to be done? If this contention is correct, it is needless to inquire further concerning one of the chief causes of the hard times. Can we expect that as long as we are governed by such men through our different Institutions—by men who are simply tools of designing and able men, who are shaping matters, Legislative and otherwise, for their own personal aggrandizement.—I say, as long as such men are kept in the positions they are now disgracing, you must expect the Capital of the country to be diverted from the proper commercial channels into the courts of the country, thereby enriching lawyers; into the hands of the sheriff, insolvency solicitors, the money lender, private Banker, and into other channels of a more legal than commercial nature.

Don't be surprised, dear reader, when I make the statement that, if all our institutions were governed by able, honest men, or a fair proportion of such men, the hard times would have long since passed away; in fact, they would never have appeared. We have as much capital in Canada now as we ever had at any previous time in our history; the difficulty being that through the misgovernment and mal-administration of a great many of our institutions, our capital has become diverted into channels which many of our leading M. P.'s and M. P. P.'s will have no cause, personally, to regret—as they in the legal professions are reaping the rewards of having followers in the House who are neither able to criticize or assist in the proper legislation of the country. To any reflecting man, the points adduced and the suggestions that will occur to the mind, will be sufficient to trace the hard times to the proper cause or causes.

Briefly let me add, that the indemnity fee, which has been the means of bringing so many incompetent men into our Legislatures, should be abolished, and thus the selfish, ignorant, ambitious man will be very much checked in his political and other aspirations. It is the duty of the able men of Canada, who are assisting in such an eminent degree to shape Legislation, through the "Press"—I say, it is their duty, irrespective of party, to speak with no uncertain sound upon this subject, and advocate only the election of able men as representatives in our Parliaments, Banks, Railways, Insurance Companies, Boards of Trade and Commerce, and all other governing bodies. In this way you take the all-important step in the direction of alleviating the deplorable condition of our common country. Let the watchword be: "Secure able and honest men, irrespective of party," for all representative positions, political, financial, or otherwise.

The scriptural saying that the blind cannot lead the blind has certainly received sufficient exemplification within the last six or seven years to satisfy everybody of its correctness; and I may be permitted to say that the old "Johnsonian" quotation that, "if you put a beggar on horseback he will ride to the d—l," I fancy, could be aptly changed in Canada just now by being read as follows: "By putting a sufficient number of intellectual beggars in the Carriage of State, the Carriage, beggars, and all concerned, are pretty sure to be driven to d—n"—I mean, "desperation."

It was my intention at the commencement to quote the Banks' own figures and reports, in proof of many of the contentions raised against their administration; but upon reflection, I am inclined to believe that my readers are quite sufficiently intelligent to comprehend the true position. There are, however, a few questions which may be of service in summarizing this article, and, although brought out in a former part, will have a tendency to fix in the mind the most salient points:

1st. Upon whom are the debts of the wholesale men pressed by the manufacturer, generally, *unloaded*?

2nd. Who encouraged the thousands of small dealers scattered through the country to embark in trade without capital, and very often without experience?

3rd. Who invited the *small margin* men to engage in stock and produce operations of immense proportions upon very little capital, thus entailing the loss of millions within a few years?

4th. Who warmed into political life a class of ignorant men, unfit for either advisers or critics? and who, I may ask, is to get them out of political life? Echo answers, "who?"

5th. Who are the men that are from day to day reaping their fees by thousands, out of that "sink of iniquity," the Court of Chancery? and where is the outstretched arm to save the poor unfortunate litigants?

In conclusion, let me say that, amidst various duties, the few hours allowed me to devote to this have been so few as to preclude the possibility of me giving it that attention which the importance of the subject demands, and I would ask the reader to accept the facts upon their merits, without reference to their arrangement,—as no time has been given to the subject simply for mere literary effect. To it, as it is, we invite your attention, and trust that the hints thrown out by me may be as bread cast upon the waters.

Yours, etc.,

JUSTINIAN.

LONDON, January 20th, 1879.

